



Phone: (302) 425-6467
Fax: (302) 425-6464
Email: dube@blankrome.com

October 16, 2006

VIA CMF AND HAND DELIVERY

The Honorable Joseph J. Farnan, Jr.
United States District Court
for the District of Delaware
844 King Street
Wilmington, DE 19801

- Re: • *Magten Asset Management Corp. and Law Debenture Trust Co. v. Northwestern Corp.*; C.A. No. 04-1494-JJF;
• *Magten Asset Management Corp. v. Mike J. Hanson and Ernie J. Kindt*; C.A. No. 05-0499-JJF
• *Magten Asset Management Corp. v. Paul Hastings Janofsky & Walker LLP*; C.A. No. 04-1256-JFF

Your Honor:

We write on behalf of the Plaintiffs in the above-captioned actions, which have been consolidated for discovery. Discovery in these cases had been stayed by Local Rule 30.2 since February because all Defendants had joined in Northwestern's Motions for Protective Orders. On September 29, 2006, the Court entered its Orders denying those motions in their entirety. Plaintiffs promptly advised Defendants that they wished to proceed with discovery and requested, by letter dated October 3, 2006, that this Court schedule a conference so that an appropriate scheduling order might be entered. The delay caused by Defendants' motion practice has made the schedule proposed in our letter of January 9, 2006, no longer feasible.

On October 13, 2006, we had a conference call with counsel for Defendants to discuss dates for the scheduling order. We proposed the following:

Fact Discovery: All discovery other than expert discovery will be completed no later than Wednesday, February 28, 2007.

Expert Discovery: The initial expert reports will be served by Friday, March 30, 2007. Rebuttal reports, if any, to these initial expert reports will be served by Friday, April 20, 2007. All expert discovery, including expert depositions, will be completed no later than Tuesday, May 15, 2007.

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COUNSELORS AT LAW

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Dispositive Motions: Summary judgment motions, if any, will be filed by Friday, June 15, 2007.

This schedule provides five months from the date of the Court's ruling denying Defendants' motion for protective order for the parties to complete fact discovery, and a further two and a half months for expert discovery.

Defendants have been aware of the claims in these actions for years and were served with Plaintiffs' initial discovery requests almost nine months ago (as well as earlier discovery requests in the action transferred to this District from the District of Montana), although they have not yet produced any documents in response to those requests. Nevertheless, Defendants refused to agree to this proposed schedule and suggested that fact discovery should not be completed for another twelve months.

We do not believe that a protracted schedule is warranted under the circumstances. Rather, this appears to be another chapter in Defendants' continuing strategy of delay for delay's sake. This Court, the Bankruptcy Court, and the District Court for the District of Montana have all rejected repeated motions by these Defendants seeking dismissal of plaintiffs' claims without permitting discovery. Most recently, this Court rejected Defendants' attempt to limit the scope of discovery. It is time for discovery to proceed.

We are continuing to discuss with counsel for Defendants how and when Defendants will comply with the discovery demands which are currently outstanding. To the extent we are unable to reach agreement on those issues, we will bring any unresolved matters to the attention of the Special Master for resolution.

Counsel is available by telephone, should the Court have any questions.

Respectfully submitted,

Dale R. Dubé
I.D. No. 2863

- and -

Bonnie Steingart
FRIED, FRANK, HARRIS, SHRIVER &
JACOBSON LLP
One New York Plaza
New York, NY 10004



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DRD/pb

cc: Clerk of Court (via hand delivery)
John E. James, Esquire (courtesy copy, via hand delivery)
Bijan Amini, Esquire (via e-mail and Federal Express)
Jesse H. Austin, III, Esquire (via e-mail and Federal Express)
Kimberly A. Beatty, Esquire (via e-mail and Federal Express)
Philip Bentley, Esquire (via e-mail and Federal Express)
John W. Brewer, Esquire
Rebecca L. Butcher, Esquire (via e-mail and hand delivery)
Brenda Cooke, Esquire
Victoria W. Counihan, Esquire (via e-mail and hand delivery)
Amanda Darwin, Esquire (via e-mail and Federal Express)
Robert J. Dehney, Esquire (via e-mail and hand delivery)
Nancy E. Delaney, Esquire (via e-mail and Federal Express)
Karol K. Denniston, Esquire (via e-mail and Federal Express)
Bonnie Glantz Fatell, Esquire
Dennis E. Glazer, Esquire (via e-mail and Federal Express)
Miriam K. Harwood, Esquire (via e-mail and Federal Express)
David A. Jenkins, Esquire (via e-mail and hand delivery)
Stanley T. Kaleczyc, Esquire (via e-mail and Federal Express)
Gary L. Kaplan, Esquire
Denise Seastone Kraft, Esquire (via e-mail and hand delivery)
Adam G. Landis, Esquire (via e-mail and hand delivery)
Dennis A. Meloro, Esquire (via e-mail and hand delivery)
Curtis S. Miller, Esquire (via e-mail and hand delivery)
Kathleen M. Miller, Esquire (via e-mail and hand delivery)
Kerri K. Mumford, Esquire (via e-mail and hand delivery)
Jordanna L. Nadritch, Esquire
Joanna I. Palacios, Esquire
Joseph D. Pizzurro, Esquire (via e-mail and Federal Express)
Steven J. Reisman, Esquire (via e-mail and Federal Express)
Avery Samet, Esquire (via e-mail and Federal Express)
Bradley F. Silverman, Esquire (via e-mail and Federal Express)
John V. Snellings, Esquire (via e-mail and Federal Express)
Paul Spagnoletti, Esquire (via e-mail and Federal Express)
Matthew J. Williams, Esquire (via e-mail and Federal Express)